

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORIES NLP/USPS-1 THROUGH 14, 17
THROUGH 26 AND 28 THROUGH 31 [ERRATA]**

The United States Postal Service hereby provides revised institutional responses to the above-listed interrogatories. The transmittal page and the header on each page of the original responses filed yesterday contain a typographical error identifying the NLP as *NPL*. That error is corrected in the versions filed today. Furthermore, the response to subpart (e) of NLP/USPS-1 was not prepared in time for filing yesterday, but has since been prepared. Accordingly, it is included in the revised response to NLP/USPS-1 being filed today. Otherwise, there are no other changes in the above-listed responses to NLP interrogatories. Each of these interrogatories is stated verbatim and followed by the revised response. Responses to NLP/USPS-1(e), 15, 16 and 27 are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-1: The testimony of Mr. Boldt, submitted by the Postal Service, refers to “earned workload” for Post Offices (see, e.g., page 3).

- [a] Please provide the formula used to calculate earned hours.
- [b] On what date(s) were the productivities determined for this formula?
- [c] Has mail make-up changed since this productivity was determined?
- [d] The letter and flat productivities within SOV seem to be higher are actually higher then MPLSM and FSM productivities which were used in the past. Does that mean that the Postal Service has set manual productivities higher then multiple position sorting machines in both flats and letters? Please explain how that is possible.
- [e] The Postal Service has used the same formula to create the list of offices to be reviewed. Please provide the rolling 52 weeks of earned hours as well as total revenue for all A-E and Level 11 offices in Delaware and Maine.

RESPONSE:

- a. See the attachment to this response.
- b. The date range was from 7/3/10 to 7/8/11.
- c. Mail make-up changes constantly. However, the short and long term swings long recognized in Commission regulatory matters are not understood as having any material impact the identity of offices selected for inclusion in the RAOI.
- d. The MPLSM which is no longer in service, processed mail at a maximum rate of 1 letter per second or 3,600 pieces per hour. The current FSM productivity factor is 2,365 pieces per hour. These are the first pieces of automation equipment brought in to process letters and flats. The productivity of these machines was less than that of actual manual processing of letters and flats. The benefit of having these machines was that a person cannot throw letter mail in to 300 bins or flat mail in to 100 bins. The benefit of these machines was in the down flow.
- e. See the attachment to this response.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-2: In reference to the Revenue formulae which drive earned hours for the window in a non-POS environment, what year were these formulae updated, specifically the 5 dollars per transaction? Have the dollars per transaction changed over the past few years? When was the last time that this figure was validated with any actual retail studies, or was that dollar amount ever validated, and, if so, in what manner?

RESPONSE:

The \$5 dollar walk in revenue per revenue transaction has not been changed since 2008. However the current walk in per revenue transaction is \$7.13 for 2011 through July 2011. Consequently the SOV offices are getting credit for more workload than they would if the actual rate were being used.

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NLP/USPS-3: Two years ago the Postal Service increased the SOV/CSV productivity up by 10% even after the Postmaster Organizations gave good argument that the formulae were already too high and falsely inflated due to Postmasters' time not being accounted for (but the Postal Service increased it anyway). Would this adversely impact the list of offices to be reviewed, and if so, how?

RESPONSE:

If the productivity increases by 10 percent, the earned hours decrease which would bring additional offices within consideration. However, the percent achievement to Earned in SOV is currently at 97 percent. This indicates that offices are operating very close to their Earned hours. The question provides no basis for the characterization of the formulae as being "too high and falsely inflated."

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-4: Please provide the EFMS data used to determine proximity of the closest office. Please explain how that data was derived. Is it actual road miles or the map distance?

RESPONSE:

EFMS data provide an estimate that must be validated by reference to another source to generate a reliable driving distance estimate. A validation exercise is underway in order to be responsive to POIR 1, Question 14.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-5: Please identify all persons who assisted in preparing the Direct Testimony of James J. Boldt.

RESPONSE:

Mr. Boldt prepared his testimony with the assistance of several staff members and in consultation with the Vice President, Retail and Post Office Operations. His testimony also was reviewed by postal counsel.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-6: At the time Mr. Boldt's written testimony was prepared, is it correct that he had only been the National Manager, Customer Service Operations for three months or less?

RESPONSE:

Yes.

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TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-7: For Mr. Boldt's two Postmaster assignments, did customers at those Post Offices require any postal services beyond purchasing stamps and sending Priority Mail? If so, please list the full range of postal services those customers wanted or needed.

RESPONSE:

Mr. Boldt's last Postmaster position was as an EAS-24 Postmaster in charge of a large Post Office that offered the retail products and services identified in the attachment to DBP/USPS-6.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-8: Mr. Boldt's current job responsibilities include developing policies and procedures related to "the improvement of the customer experience when doing business with the Postal Service." (Boldt Direct Testimony at i).

- [a] How will closing a substantial number of small rural Post Offices help improve the customer experience? Identify the ways closing such Post Offices will improve the customer experience.
- [b] How will closing a substantial number of urban and suburban Post Offices help improve the customer experience? Identify the ways closing such Post Offices will improve the customer experience.

RESPONSE to NLP/USPS-8 (continued):

- (a-b) Various factors affect the quality of the postal retail customer experience.

Proximity to a postal retail unit is but one facet. Improvement of the postal retail customer experience can be achieved through a focus on the quality of transactions that customers conduct and the means through and convenience with which they can be conducted. If a local Post Office is closed and the nearest remaining office requires a longer trip to access, that gaining office might nevertheless have longer retail hours, an Automated Postal Center, a better selection of Post Office boxes, more parking, more retail windows providing service or other factors that can improve the quality of doing business with the Postal Service. Improved convenience and longer retail hours of available at nearby accessible alternate access locations (CPUs, Approved Shippers, VPOs, stamps on consignment) at grocery stores, pharmacies, and other retail establishments frequently visited by postal customers can help to improve the postal retail customer experience, even if a nearby Post Office is closed, especially for the few transaction types that dominate the typical

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RESPONSE to NLP/USPS-8 (continued):

postal retail customer experience. So can Stamps by Mail and Phone programs, which allow customers to stock up on stamps without leaving home, irrespective of nearby discontinuance activity. For customers with Internet access, the use of www.usps.com also provides an additional channel to conduct some transactions that might otherwise require a trip to a Post Office. The regular availability of a rural carrier operating as a "Post Office on Wheels" can also improve a person's postal customer experience if a retail facility is not nearby.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-9: Please provide a complete list of all services available at major, big-city Post Offices.

RESPONSE:

Please see the response to DBP/USPS-6.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-10: Please provide a complete list of all services which will be available at Village Post Offices.

RESPONSE:

See the response to POIR 1 Question 10.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-11: Were the Postal Service to "provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns," what services would that include?

RESPONSE:

Overall, it would include the retail services listed in response to DBP/USPS-6, subject to more variation in access and less proximity than would be experienced in urban and suburban areas where postal retail facilities and alternate access sites are likely to be clustered relatively more densely. The Post Office on Wheels aspect of rural carrier delivery compensates in part for the relative lack of proximity to a retail location that can be experienced in rural areas, and communities and small towns.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-12: Please identify all directives or guidance provided to field managers which offered encouragement or incentives to close or consolidate Post Offices from 2000 forward.

RESPONSE:

Headquarters has issued no directives or guidance encouraging or providing financial incentives to close or consolidate post offices.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-13: Prior to the Retail Access Optimization Initiative, did the Postal Service ever make a determination or have any plan to close Post Offices on a nationwide basis? For each such plan or determination, please provide all identifying information.

RESPONSE:

No records have been located which suggest the existence of any determination or plan that could result in the closure Post Offices on at least a substantially nationwide basis prior to the instant docket. Docket No. N2009-1 affected stations and branches, but not Post Offices.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-14: Please define a "Post Office," and distinguish from a "station" or "branch." Please state the legal, operational, service, and management distinctions between a "Post Office," and a "station" or "branch."

RESPONSE:

The following definitions appear in Handbook PO-101:

- Independent Post Office: An organizational entity subordinate to a district with responsibility for customer services, local delivery, the receipt and dispatch of all classes of mail, and in some instances, processing and distribution of mail for other Post Offices in the surrounding geographic area.
- Classified Station: A retail facility that is Postal Service-operated and is under the administration of an independent Post Office. A station is located within the corporate limits or city carrier delivery area of the city or town in which the main Post Office is located. The name of the station is generally not used as the city name in the last line of the address.
- Classified Branch: A retail facility that is Postal Service-operated and is under the administration of an independent Post Office. A branch is located outside the corporate limits or city carrier delivery area of the city or town in which the main Post Office is located. The branch name is generally used in the last line of the address.

Persons served by a Post Office have the opportunity to appeal the discontinuance of such a facility to the Postal Regulatory Commission. The

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RESPONSE to NLP/USPS-14 (continued):

Postal Service has consistently taken the position that this appeal right does not extend to other retail facilities, such as classified stations or classified branches.

From an operational perspective, a large urban area usually has one Post Office and numerous subordinate units, such as stations and branches. Most Post Offices serve smaller communities, in which the Post Office may be the only administrative unit. Under current regulations, managers of Post Offices report to District offices, while Station and Branch managers report to Postmasters.

From a service perspective, Post Offices, stations, and branches provide retail services. Post Offices, stations, and branches may or may not house carrier delivery operations.

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NLP/USPS-17: Please provide all data or studies supporting the assertion that "it is likely that these customers already travel outside their local community to purchase other goods and services and conduct other activities of daily living." (Direct Testimony of Boldt at Page 12, Lines 3-5.)

RESPONSE:

No empirical studies have been conducted, but this phenomenon has been observed by front-line postal managers, including Mr. Boldt, those to whom he currently reports, persons on his staff, as well as field managers with whom he routinely consults.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-18: If all 3,650 Post Offices subject to the Retail Access Optimization Initiative had been closed in 2010, what percentage reduction would have been made in the Postal Service's total operating costs for that year?

RESPONSE:

Total operating costs for all offices (excluding delivery costs) are slightly in excess of \$1 billion, or approximately 1.4 percent of all expenses.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-19: Please define "senior management" as that phrase is used in Mr. Boldt's Direct Testimony at Page 13, Line 17. Please identify all managers considered to be "senior management".

RESPONSE:

The reference in this context is to the Executive Leadership Team to whom the Vice President for Delivery and Post Office Operations would submit the RAO Initiative for consideration. The ELT consists of the Postmaster General, the Deputy Postmaster General, the Chief Operating Officer, the Chief Marketing Officer, the Chief Financial Officer, the Chief Human Resources Officer, the Chief Information Officer and the General Counsel.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-20: Why did the Postal Service determine to "consult" with the Postmaster organizations after its Proposed Rule and handbooks regarding the discontinuance process had been drafted, rather than before?

RESPONSE:

As the question acknowledges, Postal Service management undertook consultations with Postmaster and postal supervisor organizations on changes to Handbook PO-101, a corresponding proposed rule to change regulations in the Code of Federal Regulations, and potential changes to other manuals. There is no requirement that Postal management initiate consultations with such organizations before potential changes are developed or even drafted. Far from being posed as a *fait accompli*, the materials that the Postal Service shared for consultation were explicitly non-final, and the Postal Service expressly provided ample opportunity for input before final regulations and policies were developed. As the discussion in the final rule (76 Fed. Reg. 41413-41417) and the Postal Service's consultative correspondence with the organizations demonstrate, the Postal Service gave full and fair consideration to the organizations' input, even though not all of it was adopted (nor is adoption of any or all input required).

Some of the matters in the proposed rule have yet to be addressed in a final rule. The Postmaster organizations were extended opportunities to furnish recommendations on these outstanding matters, but thus far have raised solely legal objections to these changes and urged that they not be adopted.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-21: Please list all circumstances or criteria which would make a community meeting "infeasible", as that term is used at Page 19, Footnote 17, of the Direct Testimony of Mr. Boldt.

RESPONSE:

One cannot predict all such circumstances; however, given the high level of decision required to bypass a meeting, such circumstances are expected to be quite rare. One example was when a company that owned a plant and essentially all of the housing in a town closed the plant and emptied the housing. Nobody was left in the town to attend a meeting so approval was given not to conduct a meeting that nobody would likely be able to attend.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-22: What instructions or directions have been given to Postmasters regarding their personal involvement in interacting with their communities in connection with the discontinuance process?

RESPONSE:

In accordance with Handbook PO-101 section 223(b), the Discontinuance Coordinator explains discontinuance regulations to the Postmaster, officer-in-charge (OIC), or other staff at the affected retail facility and how to handle customer inquiries.

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NLP/USPS-23: Does the table on Page 22 of Mr. Boldt's Direct Testimony indicate that District Review and Headquarters Review of the determination to close a Post Office will take one day each? If not, what does the table mean?

RESPONSE:

No. The Table merely reflects that such review could in some cases take *as little* as one day at each level.

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NLP/USPS-24: Does the Postal Service have any reason to believe that private businesses would not consider the absence of a Post Office in a community as important in deciding whether to locate in that community? If so, please provide the basis for that belief.

RESPONSE:

The Postal Service is aware that some business may consider it important to varying degrees and that others may not.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-25: For the Years 1976-2006, please identify any data the Postal Service has regarding political entities (towns, cities, or incorporated or unincorporated entities) which ceased to exist following the closing of their Post Office.

RESPONSE:

The Postal Service has no business purpose in tracking such information. Since tracking of information implies a cost burden, unnecessary information is quite properly not tracked. The Postal Service accordingly has no information that would permit a response to this question.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-26: Will a "Village Post Office" have a Village Postmaster?

RESPONSE:

No.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-28: The Postmaster General has been quoted as stating that up to half of the current Post Offices may be reviewed for closing within the coming seven years. Does the Postal Service's Request for an Advisory Opinion apply only to the 3,650 Post Offices currently in the Retail Access Optimization Initiative, or for all Post Offices to be considered for closure or consolidation in the next seven years?

RESPONSE:

The Request in this docket applies only to the RAO Initiative.

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NLP/USPS-29: Of the 260 Post Offices, stations, and branches currently undergoing discontinuance review (Boldt Direct Testimony at Page 16), how many have had maintenance orders, other support orders, or stamp or retail orders cut off?

RESPONSE:

This information is not maintained at the national level. Maintenance orders, other support orders, or stamp or retail orders would not be cut off unless a final determination was actually made to close the facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-30: How far away from a community which is losing its Post Office may a so-called "community meeting" be held? When a "community meeting" is to be held other than in the affected community, what provision is made for input by the elderly, handicapped, and other immobile population? What is the rationale which allows a "community meeting" to be held other than in the involved community?

RESPONSE:

The absence or unavailability of a publicly accessible facility suitable for a public meeting in Community A may require consideration of holding that community's meeting in nearby Community B. Local logistical alternatives will influence how close to Community A that meeting can be held. Residents of Community A who cannot attend a community meeting, irrespective of location, are always free to have family members or neighbors speak or submit written comments on their behalf. Questionnaires are mailed to all addresses in the 5-digit ZIP Code of the facility being examined for discontinuance. Recipients of questionnaires by mail have the opportunity to mail in their responses or have them dropped off by family members and neighbors. It is not uncommon for persons to pick up questionnaires available at Post Office lobby and distribute them to neighbors and relatives to complete and mail in.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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NLP/USPS-31: The new Handbook 101, part 251.1, states: "Be sure to schedule the meeting at a time that encourages customer participation, such as during an evening or weekend." Explain why Districts are scheduling meetings in the middle of the day, even when this provision has been brought to their attention by the LEAGUE.

RESPONSE:

USPS Headquarters lacks sufficient knowledge regarding communications that that NLP has had with any USPS District Office regarding the scheduling of any RAO Initiative discontinuance community meetings to comment on any such interaction. USPS Handbook PO-101 section 251.1 indicates that evening and weekends are times that encourage customer participation, but does not exclude other times from being considered.